

Adams, Hope

From: Wessinger-Hill, JoAnne
Sent: Monday, July 26, 2021 10:44 AM
To: Hall, Roger; Grube-Lybarker, Carri; John J. Pringle, Jr.; Heather Smith; Heather Smith; Pittman, Jenny; fellerbe@robinsongray.com; fellerbe@robinsongray.com
Cc: PSC_Contact; Besley, Sharon; Wessinger-Hill, JoAnne
Subject: Cross Examination Exhibit -- DN 2020-263-E
Attachments: DEC DEP Hanson Cross Exhibit 1.PDF; Active_148007580_1_Hanson Cross Exhibit 1 - 10-5-18 DEC Response to Cherokee.PDF

Parties:

Attached is a copy of the Cross Examination Exhibit of Duke regarding Witness Hanson.

Jo Anne

C. Jo Anne Wessinger Hill, Esq.
General Counsel to the Commission
Public Service Commission

State of South Carolina
 101 Executive Center Drive, Suite 100
 Columbia, SC 29210

www.psc.sc.gov

Email: JoAnne.Hill@psc.sc.gov

803-896-5100 (main) | 803-896-5188 (f) | JoAnne.Hill@psc.sc.gov

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October 5, 2018

Via Email and Priority Mail

Ms. Carolyne Murff
Senior Vice President
Cherokee County Cogeneration Partners, LLC
1700 Broadway, 35th Floor
New York, NY 10019

Re: Cherokee County Cogeneration Partners, LLC ("Cherokee") letter dated September 17, 2018 (the "September 17 Letter")

Dear Ms. Murff:

Duke Energy Carolinas, LLC ("DEC") acknowledges receipt of the September 17 Letter, which purports to establish a legally enforceable obligation ("LEO") within the meaning of PURPA for Cherokee's existing 86 MW generating facility (the "Facility"). DEC recognizes Cherokee's desire to commence negotiations prior to the termination of the existing power purchase agreement ("PPA") between the parties which expires on December 31, 2020. DEC is prepared to negotiate in good faith towards a new agreement to purchase the full output of the Facility; however, DEC does not agree that the September 17 Letter or the accompanying Notice of Commitment form referenced therein establish a legally enforceable obligation or "LEO" under PURPA. Among other things, the use of the Notice of Commitment form is limited to qualifying facilities of two (2) MW or less that are eligible for DEC's South Carolina Schedule PP standard offer tariff and is therefore not applicable to the Facility.

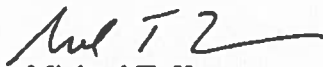
Notwithstanding the foregoing, subject to the conditions set out in this paragraph, DEC is prepared to commence negotiations with Cherokee for a new PPA that would become effective on or after January 1, 2021. DEC also agrees to provide Cherokee indicative avoided cost pricing based upon DEC's forecasted avoided costs calculated as of September 2018, as requested. Due to the time required for DEC to calculate its avoided cost, this information will not be available until on or about October 31, 2018. At that time, DEC will deliver its avoided costs as well as a form PPA that DEC would agree to execute in order to establish a legally binding arrangement to purchase Cherokee's full output of energy and capacity over a five-year term commencing

January 1, 2021. The avoided cost pricing will remain available for sixty (60) days from the date delivered by DEC to allow a reasonable amount of time for the parties to conclude any needed negotiations regarding the form of PPA. Prior to DEC delivering its avoided cost data and commencing negotiations of a new agreement, as requested by Cherokee, DEC requires the execution of the attached standard form confidentiality agreement. Please respond on or before October 24, 2018, providing the executed confidentiality agreement and DEC will then provide Cherokee with its estimated avoided costs calculated as of September 2018 and a draft PPA.

If DEC does not receive the executed confidentiality agreement on or before October 24, 2018, DEC will take this to mean that Cherokee has decided not to pursue negotiation of a new PPA at this time. If Cherokee subsequently renews its interest in negotiating a new PPA, DEC will provide avoided cost estimates calculated as of that time.

Please feel free to contact me at (727) 820-4500 if you have any questions.

Sincerely,



Michael T. Keen
Duke Energy
Business Development Manager

Attachment

Cc:

David J. Marshall
LS Power
1700 Broadway, 35th Floor
New York, NY 10019